

Message Text

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PAGE 01 USUN N 05542 231858Z

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TAGS: EAID, UNDP

SUBJECT: UNDP REQUESTS USG PAY IN \$43 MILLION OF ITS \$100
MILLION FY 1977 PLEDGE

1. QUOTED BELOW AS PARAGRAPH TWO OF THIS CABLE IS THE TEXT
OF SUBJECT LETTER DATED 17 NOVEMBER FROM GEORGE SADDLER,
UNDP'S DIVISION OF FINANCE DIRECTOR, TO MINISTER COUNSELLOR
ROBERT KITCHEN, USUN'S DEPUTY PERMREP TO ECOSOC.

2. QTE I AM WRITING IN CONNECTION WITH THE PAYMENT OF YOUR
GOVERNMENT'S VOLUNTARY CONTRIBUTION OF \$100 MILLION PLEDGED
TO THE UNDP FOR THE YEAR 1977.

ON THE BASIS OF OUR PAST EXPERIENCE AND INDICATIONS
GIVEN BY SEVERAL GOVERNMENTS, WE ANTICIPATE RECEIVING PAY-
MENTS FROM GOVERNMENTS OTHER THAN THE UNITED STATES OF
APPROXIMATELY \$65 MILLION ON ACCOUNT OF 1977 VOLUNTARY CON-
TRIBUTIONS IN JANUARY. ON A MATCHING BASIS THE AMOUNT DUE
FROM YOUR GOVERNMENT WOULD THEREFORE BE \$43 MILLION.

IN ORDER FOR UNDP TO MEET ITS OBLIGATIONS DURING THE
VERY EARLY PART OF JANUARY, I SHALL BE GRATEFUL FOR RECEIVING
A CHEQUE FOR THE FULL AMOUNT AS SOON AS POSSIBLE IN THE
BEGINNING OF THE YEAR. UNQTE

3. COMMENT: THE ABOVE QUOTED LETTER REQUESTS THE US GOV-
ERNMENT TO PAY IN \$43 MILLION OF ITS FY 1977 CONTRIBUTION
IN EARLY 1977 IN ACCORDANCE WITH A MATCHING BASIS FORMULA
THAT HAS BEEN USED IN RECENT YEARS. AS THE DEPARTMENT IS
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PAGE 02 USUN N 05542 231858Z

AWARE, THIS FISCAL YEAR MARKS THE FIRST TIME IN MANY A YEAR

THE US IS OPERATING ON THE BASIS OF A SIGNED FOREIGN ASSISTANCE APPROPRIATION BILL THIS EARLY IN THE FISCAL YEAR, AS OPPOSED TO THE STRICTER CONSTRAINTS OF A CONTINUING RESOLUTION MECHANISM. FOR THIS AND OTHER REASONS USUN IS OF THE OPINION IT MIGHT BE IN BOTH THE USG'S AND UNDP'S INTEREST IF WE WERE TO IMPROVE ON THE TIMING FOR OUR CONTRIBUTION PROPOSED IN THE UNDP LETTER BY MAKING OUR \$43 MILLION PARTIAL PAYMENT TO UNDP DURING THE LAST WEEK OF DECEMBER 1976.

4. FROM THE US POINT OF VIEW IT WOULD CAUSE THE INVOLVED TRANSFER EXPENDITURE TO BE CHARGED AGAINST THE FIRST QUARTER OF OUR FISCAL YEAR INSTEAD OF THE SECOND.

5. FROM THE UNDP POINT OF VIEW IT WOULD SERVE TO INSURE THAT THE US SOURCE MONEY WAS ACTUALLY ON HAND AT 9 A.M. ON MONDAY, JANUARY 3, WHEN IT STARTS ITS NEW YEAR. IN LIGHT OF UNDP'S IMPROVED BUT STILL EXTREMELY TIGHT FINANCIAL SITUATION (SEE DP/214 DATED 15 NOVEMBER), AND ESPECIALLY WITH UNDP'S PERILS OF PAULINE LIQUIDITY CRISIS OF LAST DECEMBER STILL FRESH IN THE MINDS OF THE MANY CONCERNED PARTIES, USUN BELIEVES THERE IS A STRONG ARGUMENT FOR MAKING OUR PAYMENT IN LATE DECEMBER IN ORDER TO BEST ASSURE A FAR SMOOTHER TRANSITION FOR UNDP INTO 1977 THAN OBTAINED A YEAR AGO. THEREFORE USUN RECOMMENDS THAT IN OUR RESPONSE TO SUBJECT LETTER THE US GOVERNMENT INFORM UNDP THAT THE US PLANS TO MAKE A MAJOR PARTIAL PAYMENT ON ITS 1977 PLEDGE TO UNDP EITHER IN THE VERY EARLY PART OF 1977 OR PREFERABLY IN LATE DECEMBER 1976. FYI, USUN IS AWARE, INFORMALLY, THAT UNDP WOULD PREFER TO RECEIVE PAYMENT DURING DECEMBER .

6. PLEASE ADVISE.
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